REPORT ON THE
INTERNATIONAL FORUM OF ACCOUNTING STANDARD SETTERS (IFASS)

12 January 2023

Virtual Meeting

IFASS is an informal network of national accounting standard setters (NSS) from around the world, plus other organisations that have close involvement in financial reporting issues. It is a forum at which interested stakeholders can discuss matters of common interest. The group is chaired by Chiara Del Prete from EFRAG for the March 2022-2024 period.

OVERVIEW

The IFASS virtual meeting was held on 12 January 2023 with remote participation.

The meeting was attended by representatives of standard setters from Argentina, Australia, Austria, Belarus, Belgium, Brazil, Canada, China, Colombia, Denmark, France, Germany, Hong Kong, India, Indonesia, Italy, Japan, Kenya, Korea, Luxembourg, Malaysia, Mexico, Nepal, New Zealand, Norway, Singapore, South Africa, Spain, Sri Lanka, Sudan, Sweden, Switzerland, Taiwan, The Netherlands, United Kingdom, USA

Board members of the International Accounting Standards Board (IASB) and its staff, the International Sustainability Standards Board (ISSB) and the International Public Sector Accounting Standards Board (IPSASB) also attended.

The agenda items set out below were discussed.

The rest of the report is structured as follows:

- Meeting running order
- Action List
- Appendix: List of participants

MEETING RUNNING ORDER

Item 1. Welcome and opening remarks

Chiara Del Prete, the IFASS Chair, opened the meeting and welcomed attendees.

Item 2. IASB and ISSB update

IASB update

Nili Shah, Executive Technical Director of the IFRS Foundation, presented the IASB Update.

Overview of project progress

On completed projects, Nili Shah referred to the recently issued amendments to IFRS 16 *Lease Liability in a Sale and Leaseback* and IAS 1 *Non-Current Liabilities with Covenants*. Moreover, the amendments to IAS 21 - *Lack of Exchangeability* - and *Supplier Finance Arrangements* were expected to be issued in Q2/Q3 2023. The IASB had also made the decision not to proceed with the proposals on changing disclosures related to IFRS 13 *Fair Value Measurement* and IAS 19 *Employee benefits*. Other amendments were not expected in 2023.

She noted the IASB had recently published the exposure drafts (EDs) on the third edition of the IFRS for SMEs Accounting Standard - with comments due by 7 March 2023 – and on international tax reform - with comments due by 10 March 2023. Moreover, the ED on narrow-scope amendments to IFRS 9 and IFRS 7 was expected in Q1 2023, and the ED on IAS 32 FICE was expected in H2 2023.

She referred to the recently completed post-implementation reviews (PiRs) of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosures of Interests in Other Entities* and the ongoing PIRs of IFRS 9 *Impairment* and IFRS 15 *Revenue from Contracts with Customers,* with their respective request for information (RFI) expected in 1H 2023. So far, no fundamental issues or questions on the requirements had arisen on these two PIRs but targeted areas of improvement had been suggested. Forthcoming PIRs included IFRS 16 *Leases* and IFRS 9 *Hedge Accounting*.

<u>Detailed overview of projects</u>

Nili Shah explained that the *Management Commentary* project had been designed to improve the practice statement and capture innovations in reporting and fill gaps related to long-term projects, value creation and intangibles. However, she noted that the ED had come out in May 2021, before the creation of the ISSB and before the consolidation of the IFRS Foundation, the Value Reporting Foundation (VRF) and the Climate Disclosure Standards Board (CDSB).

Business Combinations – Disclosures, Goodwill and Impairment project had been designed to improve the information that companies can provide about their acquisitions at a reasonable cost. The IASB has made the tentative decisions to have a comprehensive set of new disclosures about the post-acquisition performance, to retain the existing impairment-only model, and to move the project to the standard-setting agenda. The next milestone would be to publish the ED.

The *Primary Financial Statements* project objective was to improve communication in financial statements with a focus on information included in the statement of profit or loss. The proposals were to require additional defined subtotals in statements of profit or loss, to strengthen requirements for disaggregating information, and to require disclosures about management performance measures (MPMs). Significant feedback had taken place and the proposals are being redeliberated.

Most stakeholders supported the direction of the re-deliberations and would like to see the project completed as soon as possible. Most agreed with the revised approach for classifying income and expenses in the financing category but requested additional guidance. Some disagreed with classifying income and expenses from associates and joint ventures accounted for using the equity method in the investing category. The next milestone would be to issue an accounting standard.

Nili Shah also gave an overview of the maintenance projects. The amendments to IFRS 9 *Classification and Measurement of Financial Instruments* project aimed to narrow scope amendments in response to the PIR of IFRS 9 *Classification and Measurement*. The areas of focus were contractual cash flow characteristics of financial assets, the derecognition of financial liabilities settled through electronic cash transfers, and disclosure requirements for equity instruments for which fair value changes were presented in other comprehensive income (OCI).

Organisational updates

Nili Shah announced that Linda Mezon Hutter had been appointed as the IASB Vice Chair and Patrina Buchanan had become an IASB member with effect from December 2022. Two more Board seats would be filled in due course.

Nili Shah flagged the IASB's ongoing recruitment of Technical Staff and that there were open positions including one related to stakeholder engagement. She encouraged applications from candidates working for National Standard Setters that can join the IASB on a secondment basis.

Other IASB activities

Nili Shah noted that, in December 2022, the IASB discussed its digital reporting strategy. It defined the strategic framework to provide direction and boundaries to work under, prioritised activities within the strategy framework, and observed that standards and the digital consumption of information were interlinked. The IASB also observed that there were opportunities for connectivity between the IASB and ISSB's digital work.

Q&A

In response to questions from the IFASS Chair and an IFASS participant, Nili Shah explained that due to the length of expected deliberation time, the upcoming amendment *Subsidiary without Public Accountability: Disclosures* would not be issued in 2023. She also clarified that the ED on proposed amendments to IFRS 9 and IFRS 7 was expected in March 2023.

ISSB update

Richard Barker, ISSB member, presented the ISSB Update.

Richard Barker reported that alignment of the ISSB work with the IASB is important. The ISSB aims to provide sustainability disclosures that complement the financial statements with the same focus on materiality and the same investor decision usefulness in mind.

ISSB milestones

The Jurisdictional Working Group had met before every ISSB meeting. In addition, all 14 ISSB members had been appointed. Regarding their draft sustainability standards, 1,400 comment letters had been received. The ISSB has been redeliberating IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*. The final Standards are expected to be published in the first half of 2023. The major decisions have mostly been completed.

A memorandum of understanding (MoU) was established with the Global Reporting Initiative (GRI) early in 2022. The ISSB is also building the institutional structure around its activities, i.e., the Strategic Advisory Groups and the ISSB Advisory Groups.

High-level messages on IFRS S1 and IFRS S2

High-level messages regarding IFRS S1 and S2 included support for their timely publication and encouragement to continue to move at pace. There was support for IFRS S1 as the overarching standard. IFRS S2 had been well received, especially by investors. There was a need for urgency, and great support for guidance and examples to enable the effective application of the Standards.

The importance of interoperability with jurisdictional initiatives and connected standard setting would facilitate a package of financial and sustainability-related disclosures that worked as a package. He noted the ongoing engagements with the EU in developing an interoperability table. He pointed to the challenges with some specific proposed requirements in IFRS S2, with a call made by constituents for proportional reporting requirements for smaller companies and emerging economies. Various reliefs had been built into the standard to help its adoption.

<u>Q&A</u>

The IFASS Chair asked for the approach and timing of the management commentary work, whether it would be run by a joint team of IASB and ISSB staff, and whether it would leverage the outcome of the old IASB consultation but incorporate all the knowledge coming from the integrated reporting framework. Richard Barker indicated that formal decisions were yet to be made but he agreed with the essence of the IFASS Chair's question. He remarked that the immediate priority was to publish IFRS S1 and IFRS S2.

An IFASS participant asked whether the work on connectivity would occur if it did not receive sufficient support in the forthcoming agenda consultation. Richard Barker explained that the agenda consultation would seek views on four themes that the ISSB: biodiversity, human capital, human rights and connectivity. He noted that connectivity is already an important part of what they do and this is visible in the ISSB redeliberations where in addressing some of the sustainability issues, the requirements of IFRS Accounting Standards are a reference point. For example, at the January 2023 ISSB meeting, in the ISSB staff paper on relief on the reporting of GHG Scopes 1 and 2 emissions for associates and joint ventures (i.e., when their reporting dates differ from that of the reporting entity), the ISSB staff recommendations were based on the assumptions made in IFRS 10 and IAS 28 *Investments in Associates and Joint Ventures*.

Item 3. Connection between financial and sustainability reporting

<u>Presentation on the possible scope of the EFRAG research project</u>

Vincent Papa presented the possible scope and approach of a research project on the connectivity between financial and sustainability reporting that was approved to be added to EFRAG's proactive research agenda by the EFRAG Financial Reporting Board (FRB) in June 2022. A phased approach to the project is expected to allow for the implementation of the forthcoming mandatory sustainability requirements before fully assessing the arising practical challenges. He observed that reviews of current reporting practices show gaps in the reporting of connectivity of information.

Vincent Papa noted that a proposed first phase of the project could focus on a narrower notion of connectivity with a focus on the operational techniques of connection between financial and sustainability reporting information. It would involve a review of the 12 ESRS requirements to identify anchor points (data points that are within the boundaries of both financial and sustainability reporting), a review of good practice examples, and an outreach to users to ascertain their connectivity needs. He noted that applicable ESRS requirements include those on potential financial effects (e.g., ESRS E1 *Climate Change*) and the principles for reporting the connection of information included in ESRS 1 *General Principles*. Subject to the EFRAG FR TEG and FRB approval of the scope, a Discussion Paper would be developed, and it would contain a systematic illustration of the possible connections that preparers may create between financial and sustainability statements.

A second phase of the project could cover the broader and more conceptual aspects of connectivity including exploring the conceptual boundaries of financial and sustainability reporting. It could build on the work done in the 2021 PTF-NFRS report- Appendix 4A-

Interconnection between Financial and Non-Financial Information[1], and address matters related to the limits of asset and liabilities recognition and measurement requirements. Illustratively, it could also address whether there is a need for consistency of GHG carbon accounting/consolidation and IFRS requirements in respect of investee entities whose financial statements line items are not fully consolidated in reporting entity's consolidated financial statements. The second phase of the project could also explore the advantages and disadvantages of integrated reporting and the role of management commentary, taking into account the related IASB-ISSB project.

Presentation of a UK Endorsement Board (UKEB) staff paper

Seema Jamil-O'Neill presented highlights of a UKEB staff paper prepared for the IFASS meeting on the connectivity between sustainability and financial reporting. The paper identified a preliminary set of connectivity and alignment themes. Its contents were informed by some IFASS members' comment letter responses to the ISSB Exposure Drafts IFRS S1 and IFRS S2 and the IASB member (Nick Anderson) articles[2] on the effects of climate-related matters on financial statements. The thematic areas identified in the paper include: Differences and connectivity between the IASB and ISSB Standards; Conceptual framework-related themes; Assets recognition; Liabilities recognition; Fair value measurement; Disclosures; and Management commentary.

Elaborating on some of the identified themes, Seema Jamil-O'Neill proposed that the IASB could either consider developing a separate conceptual framework or the IASB and ISSB could work together to amend the existing one to incorporate sustainability-related definitions and concepts. She noted that the IASB and ISSB had agreed to use the same definition of materiality, but several national standard setters considered it important to ensure that the concept of materiality explicitly clarified this situation, especially as double materiality was already embedded in the EU's sustainability reporting regime, which could be problematic as a number of UK companies would report under both the European and UK frameworks.

On asset recognition and measurement, she highlighted issues related to the costs being incurred relating to climate-related risks and opportunities and asset impairment indicators. Other thematic issues she referred to included: the treatment of confidential or sensitive information in liabilities recognition in respect of IAS 37 requirements and exemptions; unobservable inputs impacting fair value measurements; and considerations related to disclosures with a need for communicating the level of uncertainty through a hierarchy of disclosures.

Polling questions' responses showed that:

- Respondent IFASS participants (95%) considered connectivity between sustainability disclosures and financial reporting to be of high importance.
- Respondent IFASS participants prioritised the following thematic areas from the UKEB paper in the following order: conceptual framework themes, assets, disclosures, liabilities, and fair value measurement.
- Many of the respondent IFASS participants (61%) considered it most appropriate for the connectivity themes to be addressed prior to the development of new sustainability

[1] https://www.efrag.org/Assets/Download?assetUrl=%2Fsites%2Fwebpublishing%2FSiteAssets%2FEFRAG%2520PTF-NFRS_A4_FINAL.pdf

[2] Articles published by Nick Anderson in 2019 and 2022

disclosure standards. A significant minority (29%) considered that this should be done as each new sustainability disclosure standard was developed.

In concluding her presentation, Seema Jamil-O'Neill suggested that possible next steps could be for national standard setters to further consider the key topics, to develop working papers on some of those areas for discussion at future IFASS meetings, and to continue to engage jurisdictional stakeholders, the IASB and the ISSB on those topics.

Q&A

An IFASS participant suggested, and it was generally agreed that it would be useful to define the term 'connectivity' as various stakeholders define it differently. Another IFASS participant stated that the UKEB paper was comprehensive and a useful reference for the IASB and ISSB to conduct relevant research. The participant suggested it was better to set a principle, such as the level of influence on the user's understanding of the information in the financial reporting, before ranking the importance of each theme.

An IFASS participant commented that the connectivity themes in the UKEB paper could be categorised into direct and indirect connectivity with a priority accorded to those related to direct connectivity. An IFASS participant opined that the objective of providing a sustainability report was to provide users with information that was not provided within the financial statements and the reporting of GHG Scope 1 and 2 emissions should not be limited to the same group of consolidated entities.

In reaction to the presentations, the IASB Vice-Chair, Linda Mezon-Hutter stated that the IASB and ISSB were committed to working together and were identifying the optimal areas for collaboration. Of note, Management commentary had to have a connectivity view between both Boards.

Wrapping up the session, Chiara Del Prete noted that the reason for first examining narrow connectivity in the EFRAG project was to allow more development from the ISSB side on the conceptualisation of integrated reporting. She also mentioned, there would be a follow-up conversation with UKEB on how to carry on with IFASS collaboration on the connectivity topic.

Item 4. IAS 12 Temporary exception amendment

The IASB member Patrina Buchanan presented this session.

Patrina Buchanan highlighted that the IASB had published the Exposure Draft *International Tax Reform – Pillar Two Model Rules* (ED) on 9 January 2023 and that the comment period would end on 10 March 2023 given the urgency of the project.

She noted that the ED was triggered by the publication of the OECD's Pillar Two Model Rules and its support by more than 135 countries. The Pillar 2 model rules require large multinational entities to be subject to a minimum corporate tax rate of 15% that they would pay on income generated in each jurisdiction in which they operate. Under these rules, the entity liable to pay the top-up tax, which would be either the ultimate parent entity or an intermediate subsidiary, might be different from the operational entities that trigger the top-up tax. Even though there was still uncertainty, some jurisdictions might enact the rules as early as 1H 2023.

She explained the linkage between the Pillar Two Model Rules and IAS 12 *Income Taxes* and highlighted that IAS 12 requires entities to reflect the effects of new tax law on deferred taxes after the law is either enacted or substantively enacted. Given the complexity of the OECD Pillar Two Model Rules, its international impact, and the limited time for entities to assess its effects, the IASB decided to propose the introduction of a temporary exception to account for deferred taxes arising from the Pillar Two Model Rules. Moreover, she outlined the mandatory nature of the exception in order to achieve greater comparability and avoid an inconsistent application of IAS 12 requirements and the inexistence of a sunset clause due to the uncertainty around the Pillar Two Rules.

Lastly, she observed that the second part of the proposals related to new disclosure requirements. The IASB split between the disclosures that are needed after the rules are in effect and those that are needed when the rules are enacted or substantively enacted but not yet in effect. On the latter, she remarked that when proposing the disclosure requirements, the IASB had struck a balance between what is reasonable and provides an indication of an entity's exposure to payment of top-up tax and what is achievable.

<u>Q&A</u>

An IFASS participant noted that she was expecting the Pillar Two Model Rules to be substantively enacted in her jurisdiction before the end of March 2023. As many entities had the year-end reporting taking place as of 31 March, it was an urgent matter. Another IFASS participant explained that in her jurisdiction they were having a single project that aimed at providing a comment letter in response to the IASB's ED as well as simultaneously considering the formal adoption of the final amendments so they could be adopted towards the end of the year. A key aspect would be to understand the impact of the final amendments and whether the benefits outweigh the costs.

An IFASS participant outlined that according to the basis for conclusions of the ED, there seemed to be a consensus that the top-up tax was an income tax in the scope of IAS 12 as far as consolidated financial statements were concerned. However, it was questionable in the case of the parent entity's separate financial statements because the top-up tax paid by the parent entity might not be based on its taxable profit. He hoped that this aspect would be clarified in the final amendments.

Item 5. Qualitative research on the first-time application of IFRS 16 in France

To set the scene, Vincent Louis gave background information on the ANC's approach to research activities including outsourcing the research to academics and the main topics of focus (e.g., PIRs of IFRS 9, IFRS 15 and IFRS 16). Thereafter, he presented the main findings of the draft qualitative research on the first-time application of IFRS 16 in France.

The research objective was to understand the real effects of the first-time application of IFRS 16 on some French-listed entities. It did not aim to assess whether IFRS 16 provides better information to users, and it only considered the preparers' practical perspective. The research was mainly based on the review of the financial statements of 120 entities, as preparatory work, and was informed by data gathered through semi-directed interviews with 18 entities.

The research took place just after the transition date and was consequently performed during the Covid-19 pandemic. This could have impacted the respondent preparers' perception of the effects of IFRS 16 and could suggest the need to update the research to avoid potential bias. In addition, it did not involve entities operating in the retail industry albeit these entities were among those most affected by the new Standard.

The following three main topics were considered in the research:

- how IFRS 16 had affected entities' organisation and behaviour, how they organised to implement IFRS 16, and what difficulties they faced.
- the perceived role of external stakeholders, mainly statutory auditors, in the implementation process.
- whether the benefits of applying IFRS 16 exceeded its costs.

<u>Findings</u>

How the entities managed the transition: Vincent Louis reported that 83% of the entities used the lease definition practical expedient set out in paragraph C3 of IFRS 16 (i.e., "grandfather" option). Early application of IFRS 16 had been limited (7% of entities), mainly due to the lack of resources or the low perceived benefit. The state of preparedness for IFRS 16 had been dependent on how entities monitored the development of IFRS 16, even though the final version of IFRS 16 came as a surprise to many of them. Furthermore, doing an inventory of the lease contracts was a real challenge but it had also been useful in enhancing access to and improving the quality of the underlying lease contract documentation. Difficulties were noted in assessing whether contracts had or were expected to have a material effect. Finally, the lack of software was the most significant hurdle to implementation. No suitable software was available, resulting in many entities using Excel spreadsheets or in-house IT developments.

Effects of IFRS 16 on entities' organisation: Overall, IFRS 16 did not change the decision of entities to either lease or purchase an asset. Some entities said that IFRS 16 did not improve the understanding of the statement of financial position and wished IFRS and US GAAP had been more converged. There were also mixed practices on whether to reflect the effect of IFRS 16 on alternative performance measures (e.g., net debt or free cash flow). Vincent Louis stated that the internal control environment had overall been improved and had greater transparency about leases. Operations were now more sensitive to the management of financial debt and there had been an improvement in the interaction between internal stakeholders.

Role of the external stakeholders in the implementation: Respondent entities expressed mixed views on the role of statutory auditors (e.g., continuous involvement versus involvement only in the last steps). There was a widespread perception that auditors' positions were highly conservative and too cautious, leading to more complexity in the implementation of IFRS 16. Although entities usually found the Standard easy to read and understand, they came across unexpected practical difficulties. There had been a perception that the principle-based nature of the Standard led to several unanswered application questions and it led to entities having to apply their judgement.

Cost-benefit assessment: Vincent Louis stated that the implementation costs of IFRS 16 were high but in line with what was expected. In addition, the costs were dependent on the entity's IT systems, available resources, and the volume of the lease contracts. The main costs incurred were related to IT development, data collection and analysis, project management and audit. Entities considered that the costs and benefits were finely balanced. There were questions on whether the changes introduced by IFRS 16 were worth the efforts. Participants had generally been unable to provide a clear description of the benefits. Some respondents mentioned improvements in internal control and improved transversal communication across departments within entities.

<u>Q&A</u>

An IFASS participant observed that many of the findings presented by Vincent Louis were also relevant in South Korea, in particular in relation to the role of the statutory auditors. The participant concurred that auditors were highly conservative, particularly in the determination of the lease terms. Auditors tended to assume the maximum possible lease term, and this has led to disagreement between auditors and preparers in their assessment of the lease term whenever there is a renewal option that is based on the lessee's economic incentives.

Patrina Buchanan stated that the ANC research paper provided a lot of valuable input, especially as the IASB would consider the timing of the PIR of IFRS 16 in H2 2023. Based on the feedback that the IASB received so far, she agreed with the issues highlighted related to delays in the development of the implementation software. In addition, she noted as some issues related to the IFRS 16 impact the cash flows, these issues could be relevant to the forthcoming IASB research project on the statement of cash flows and related items.

Item 6. Transition Relief and Ongoing Practical Expedients in IFRS 16

Ao Li and Angus Thomson presented the findings of the joint AASB-MASB project on the transition relief and ongoing practical expedients in IFRS 16. The first objective had been to identify possible lessons that could be learned from implementing IFRS 16 that might prove helpful in identifying transition relief and ongoing practical expedients to be made available in future IFRS accounting standards. The second objective had been to contribute to the upcoming IFRS 16 PIR.

The methodology consisted of a two-stage approach: the first stage had been a review of the financial statement disclosures (the sample included the top 50 ASX-listed entities and the top 35 Bursa Malaysia listed entities); and the second stage involved interviews with preparers, auditors, and users.

<u>Findings</u>

First stage of research (review of financial statements disclosures): Ao Li reported that around 68% of reviewed entities indicated that they had utilised the relief to not assess whether a contract contained a lease at the date of the initial application. 89% of entities had used the modified retrospective application. The entities' choice for the measurement of the right-of-use asset was balanced. 29% of entities had used option[3] 1, 38% had used option[4] 2, and 33% had used both. The results were generally consistent across Australia and Malaysia. More than half of the entities had used either four or five of the practical expedients at the time of transition.

Second stage of research (Interviews with preparers, auditors, and users): Angus Thomson reported that preparers had been very appreciative of the range of transition relief and practical expedients that had been available.

The main reasons for entities' applying the transition relief and ongoing practical expedients were: limited data availability (especially for old contracts), the limited availability of sufficiently skilled staff, the high volume and size of leases, the disproportionate effort involving in a full retrospective application, and the presence of lease contracts held by subsidiaries, especially those that did not apply IFRS.

[3] Measure right-of-use (RoU) assets at amounts determined as if IFRS 16 has been applied since the commencement date but discounting using the lesse's incremental borrowing rate at the date of first application.
[4] Measure ROU assets at an amount equal to the lease liability adjusted for any existing prepaid or accrued lease payments.

Auditors considered their clients' use of transition relief and ongoing use of practical expedients to be manageable. No abnormal audit concerns had been raised, but there was a need to carefully plan the audit to ensure that no material errors arose. Some auditors had also noted that the transition relief was useful to allow clients to spend their time examining the more judgmental issues such as determining incremental borrowing rates and identifying the remaining lease term.

Users were generally well-informed about the transition relief and the ongoing practical expedients available to lessees. They understood the choices being made by the entities they analysed. They were familiar with the transition relief but were not necessarily fully aware of the potential impacts on reported information. There were limited concerns about impacts on the comparability of financial statements. Users were appreciative of the level of disclosure that lessees were required to provide. There was a good balance between facilitating the application of IFRS 16 and providing useful information to users.

Summing up the findings, Angus Thomson reported that, overall, the transition relief and ongoing practical expedients in IFRS 16 were very useful for preparers and auditors and users had identified no major concerns. Features that contributed to that success included the transition relief being pitched at a reasonable level, the scale of the application (e.g., application at a lease-by-lease level), and the natural balance achieved by having competing incentives.

Angus Thomson noted the next steps of the research would be to: identify key policy decisions that would form the basis for a framework for proposing and concluding transition relief and ongoing practical expedients; identify opportunities for communicating the impacts of transition relief and ongoing practical expedients to users; consider the role of materiality in determining transition relief and for ongoing practical expedients; research transition and policy choices available in other IFRS accounting standards; conduct follow-up research on the application of ongoing practical expedients in IFRS 16.

<u>Q&A</u>

An IFASS participant noted that a team in the UK had examined whether the benefits espoused at the implementation of the standards outweighed the cost. Consideration of the cost had been differentiated between the one-off cost of implementation and the ongoing costs. In the UK context, the one-off cost was seen as a sunk cost, but the ongoing costs would be weighed against the benefit. The participant asked whether the AASB-MASB's work had analysed the ongoing costs and whether the benefits could be weighed against that.

Ao Li replied that two large organisations in Australia had explained that ongoing costs were mostly related to labour costs. These organisations needed to set up a new team to deal with lease-related transactions within their finance team. The setup of the system was sunk cost, but it required ongoing maintenance, update and record keeping. Angus Thomson added that some entities had applied a practical expedient because of skill shortage at the time of transition (i.e., they traded off taking advantage of transition relief and the expense of having more work to perform later).

Item 7. Closing remarks

Chiara Del Prete mentioned that the forthcoming meeting would be hosted by the FASB at its Norwalk office and encouraged in-person participation. Finally, she thanked all participants for their attendance and contributions and closed the meeting.

ACTION LIST

IFASS Chair/Secretariat
• To get input and finalise the April IFASS meeting agenda
IFASS participants
• To register for the April IFASS meeting if you have not already done so

APPENDIX: LIST OF PARTICIPANTS

	Name	Organisation
1	Ao Li	AASB
2	Eric Lee	AASB
3	Joanna Spencer	AASB
4	Keith Kendall	AASB
5	Kimberley Carney	AASB
6	Siobhan Hammond	AASB
7	Chi-Chun Liu	Accounting Research and Development Foundation
8	Doris Yi-Hsin Wang	Accounting Research and Development Foundation
9	Linda Yu	Accounting Research and Development Foundation
10	Louise Wu	Accounting Research and Development Foundation
11	Margaret Tsui	Accounting Research and Development Foundation
12	Armand Capisciolto	Accounting Standards Board Canada
13	Katharine Christopoulos	Accounting Standards Board Canada
14	Atsushi Ochi	Accounting Standards Board of Japan
15	Emi Chujo	Accounting Standards Board of Japan
16	Kentaro Konishi	Accounting Standards Board of Japan
17	Kohei Yoshimura	Accounting Standards Board of Japan
18	Megumi Makino	Accounting Standards Board of Japan
19	Nami Yamaguchi	Accounting Standards Board of Japan
20	Norihiro Hanazawa	Accounting Standards Board of Japan
21	Shuji Ito	Accounting Standards Board of Japan
22	Takao Kamiya	Accounting Standards Board of Japan
23	Tomomi Eguchi	Accounting Standards Board of Japan
24	Waka Kirihara	Accounting Standards Board of Japan
25	Yasunobu Kawanishi	Accounting Standards Board of Japan
26	Yoichi Denda	Accounting Standards Board of Japan
27	Yuki Otake	Accounting Standards Board of Japan
28	Yuta Kirishima	Accounting Standards Board of Japan
29	Yuya Akimoto	Accounting Standards Board of Japan
28	Gowri Palaniappan	Accounting Standards Council Singapore
30	Jing Ting Foo	Accounting Standards Council Singapore
32	Suat Cheng Goh	Accounting Standards Council Singapore
33	Yap Kim Bong	Accounting Standards Council Singapore
34	Yat Hwa Guan	Accounting Standards Council Singapore
35	Yu Shan Koo	Accounting Standards Council Singapore
36	Gerhard Prachner	AFRAC
37	Vincent Louis	ANC
38	Sanjay Sinha	ASB Nepal
39	Shasi Satyal	ASB Nepal
40	Sushil Poudel	ASB Nepal
41	Rogerio Mota	Brazilian Accounting Pronouncements Committee

	Name	Organisation
42	Nishan Fernando	CA Sri Lanka
43	Huaxin Xu	China Accounting Standards Committee
44	Juan Zhang	China Accounting Standards Committee
45	Xingyue Yang	China Accounting Standards Committee
46	Yun Huang	China Accounting Standards Committee
47	Karen Sanderson	CIPFA
48	Sadi Podevijn	Commissie voor Boekhoudkundige Normen
49	Elsa Beatriz Garcia Bojorges	Consejo Mexicano de Normas de Información Financiera
50	Maria Pineda	Consejo Mexicano de Normas de Información Financiera
51	William Allan Biese	Consejo Mexicano de Normas de Información Financiera
52	Jairo Cervera	Consejo Técnico de la Contaduría Pública
53	Jimmy Bolano	CTCP
54	Jan Peter Larsen	Danish Accounting Standards Committee/FSR-Danish Auditors
55	Gerard van Santen	DASB
56	Tanja van den Vlekkert-Zevenbergen	DASB
57	Georg Lanfermann	DRSC eV (ASCG - Accounting Standards Committee of Germany)
58	Ilka Canitz	DRSC eV (ASCG - Accounting Standards Committee of Germany)
59	Kristina Schwedler	DRSC eV (ASCG - Accounting Standards Committee of Germany)
60	Sven Morich	DRSC eV (ASCG - Accounting Standards Committee of Germany)
61	Cees van Geffen	Dutch Accounting Standards Board
62	Chiara Del Prete	EFRAG
63	Didrik Thrane-Nielsen	EFRAG
64	Hocine Kebli	EFRAG
65	Juan Jose Gomez de la Calzada	EFRAG
66	Kathrin Schoene	EFRAG
67	Monica Franceschini	EFRAG
68	Robert Stojek	EFRAG
69	Sapna Heeralall	EFRAG
70	Vincent Papa	EFRAG
71	Carolyn Cordery	External Reporting Board (New Zealand)
72	Charis Halliday	External Reporting Board (New Zealand)
73	Gali Slyuzberg	External Reporting Board (New Zealand)
74	Jeffrey Mechanick	FASB
75	Jennifer Kimmel	FASB
76	Marsha Hunt	FASB

	Name	Organisation
77	Tavleen Kaur	FASN
78	Heraclio Juan Lanza	Federación Argentina de Consejos Profesionales de Ciencias Económicas
79	Hernán Casinelli	Federación Argentina de Consejos Profesionales de Ciencias Económicas
80	Zuni Barokah	Financial Accounting Standards Board of Indonesia
81	Sarah-Jayne Dominic	FRC
82	Anthony Wong	HKICPA
83	Cecilia Kwei	HKICPA
84	Gary Stevenson	HKICPA
85	Ana Belén Múñoz Múñoz	ICAC
86	Ana Garrido Roma	ICAC
87	Carlos Moreno Saiz	ICAC
88	Hortensia Lorenzana García	ICAC
89	María Dolores Urrea Sandoval	ICAC
90	Benjamin Mbolonzi	ICPAk
91	Catherine Asemeit	ICPAk
92	Fred Nieto	IFRS Foundation
93	Gustavo Olinda	IFRS Foundation
94	Jawaid Dossani	IFRS Foundation
95	Linda Mezon-Hutter	IFRS Foundation
96	Nick Anderson	IFRS Foundation
97	Nili Shah	IFRS Foundation
98	Patrina Buchanan	IFRS Foundation
99	Ravi Abeywardana	IFRS Foundation
100	Richard Barker	IFRS Foundation
101	Agsa Ariefandy	Ikatan Akuntan Indonesia
102	Irfana Rahma	Ikatan Akuntan Indonesia
103	Irwan Lau	Ikatan Akuntan Indonesia
104	Celine Chan	IPSASB
105	Shashank Sinha	Kathmandu Model College
106	Eugene Lee	Korea Accounting Standards Board
107	Eui-Hyung Kim	Korea Accounting Standards Board
108	Jae-Ho Kim	Korea Accounting Standards Board
109	Jung-ah Yang	Korea Accounting Standards Board
110	Yoon-hye Kwon	Korea Accounting Standards Board
111	Young Seo Jung	Korea Accounting Standards Board
112	Angus Thomson	MASB
113	Bee Leng TAN	MASB
114	Cathrine Su	MASB
115	Idawaty Hasan	MASB
116	Mohd Amirul Mukminin Mansor	MASB
117	Nadiah Ismail	MASB

	Name	Organisation
118	Tatsiana Rybak	Ministry of Finance of the Republic of Belarus
119	Leonardo Piombino	OIC
120	Lebogang Senne	Pan African Federation Of Accountants
121	Zein Elabdeen Ahmed	Saca
122	Reto Zemp	Swiss GAAP FER
123	CA Abhay Chhajed	The Institute of Chartered Accountants of India
124	CA Pramod Jain	The Institute of Chartered Accountants of India
125	Parminder Kaur	The Institute of Chartered Accountants of India
126	Catherine Crowsley	UK Endorsement Board
127	Justin Ryan	UK Endorsement Board
128	Margott Terblanche	UK Endorsement Board
129	Pauline Wallace	UK Endorsement Board
130	Seema Jamil-O'Neill	UK Endorsement Board
131	Elisa Noble	UK FRC
132	Jenny Carter	UK FRC
133	Stephen Maloney	UK FRC